



Of Interest *In Kentucky*

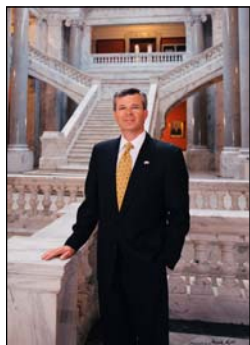
Quarterly Newsletter of the Office of Financial Institutions

Issue No. 1, Winter 2006

"The mission of the Office of Financial Institutions is to serve the public through effective and efficient regulation that promotes consumer confidence and economic growth."



Commonwealth of Kentucky
Office of the Governor



It is my pleasure to welcome you to the Office of Financial Institutions' first quarterly newsletter. The objective is to improve communication between the office and the entities and individuals it regulates. I hope you'll find it educational, beneficial and enjoyable.

Much has been accomplished at OFI in the past year.

In 2006, the office implemented the strategic plan, provided new software for securities examiners, was reaccredited by the National Association of State Credit Union Supervisors, passed legislation (HB 462 and SB 123) regarding industry regulation, updated or added 10 administrative regulations and reorganized the financial services statutes into one code.

Already this year, OFI has increased compensation for its examiners and implemented a 40-hour work week for all merit employees. Because of OFI's oversight responsibility, it is imperative to have experienced and professional examiners. The compensation equity plan, which began March 16, will raise examiners' salaries to a level that is more competitive with federal examiners. And the 40-hour work week, which began Feb. 16, will help the agency meet the banking industry's needs.

Sincerely,

Kentucky
UNBRIDLED SPIRIT™

Thompson is new House B&I chair

This 2007 legislative session, Rep. Tommy Thompson, D-Owensboro, was named chairman of the House Banking & Insurance Committee (B&I). He fills the role previously held by Rep. James Bruce, a Democrat who retired in 2006 as the longest-serving representative in Kentucky history, according to the Lexington Herald-Leader.

"I could never fill his shoes and so will not even attempt to," Thompson said. "He was an outstanding legislator and was very helpful to me."

Thompson said he hopes to continue the fair, balanced and impartial debate Bruce started.

"We recognize we have to have a good, competitive playing field out there," he said. "It's a

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In Brief ...

Buford chairs Senate B&I

Sen. Tom Buford continues to serve as chairman of the Senate Banking & Insurance Committee in the 2007 session. Julie Denton is vice-chair.

The other members of the committee are: Ernie Harris, Tom Jensen, Daniel Mongiardo, Gerald Neal, Dorsey Ridley, Dick Roeding, Dan Seum and Tim Shaughnessy.

Among other things, both the House and Senate commit-

tees address matters pertaining to: banking; banks and trust companies; building and loan associations; credit unions; investment companies; industrial loan corporations; securities; the Blue Sky Law; mortgage guaranty insurance; stock and mutual insurance companies; interest and usury; pawnbrokers; private credit; consumer credit; sale of checks; legal investments; principal and income.

Executive director introduces newsletter



The Office of Financial Institutions (OFI) is delighted to initiate the inaugural issue of our newsletter, "Of Interest in Kentucky." We believe you will find it informative, and we invite you to offer your perspective on the articles published in each issue. We welcome your suggestions and recommendations for future issues to ensure that you are gaining a meaningful benefit from the information we delve into on behalf of you and your respective area of the financial ser-

vices industry. These articles will offer a greater insight into the regulatory role of OFI.

We also will use this forum to introduce you to our management team, the financial institution examiners and the support staff who work together with all of the financial services industry to ensure that we are fulfilling our mission of serving the public through effective and efficient regulation that promotes consumer confidence and economic growth.

OFI issues press releases

OFI issued several press releases during the winter quarter to keep the public informed. The full releases can be viewed at www.kfi.ky.gov or at http://kentucky.gov/Newsroom/eppc_ofi/. Here is a brief synopsis:

- **Feb. 28** – OFI announces plans to participate in the Residential Mortgage Licensing System now in development. At least 28 states have indicated their intent to participate in the nationwide system by the end of 2009. The system is intended to improve efficiency of state supervision of the U.S. mortgage market; to fight mortgage fraud and predatory lending; to increase accountability among industry professionals; and to streamline the state licensing process. In Kentucky, there are 550 mortgage companies and brokerages and about 4,000 individual mortgage registrants affected by the changes.
- **Feb. 1** – OFI announced the adoption of national uniform mortgage licensing forms, called MU forms. OFI has adopted four forms: a mortgage lender/broker form, a consent form, a branch office form and an individual mortgage license/registration and consent form. Each form has a companion form of specific requirements that must be met in Kentucky. The forms are a first step toward the development of an online mortgage licensing system.
- **Jan. 18** – OFI announced it would implement a compensation equity plan on March 16 exclusively for the "Financial Institutions Examiner" clas-

sification. OFI also implemented a 40-hour work week for all employees beginning Feb. 16. "The compensation equity plan will raise examiners' salaries to a level that is more competitive with federal examiners, and the 40-hour work week will help the agency meet the needs of the banking industry," said Governor Ernie Fletcher.

- **Jan. 16** – OFI warned that fraudulent oil and gas deals remain a favorite ploy of con artists nationwide. To help investors determine if an offer is legitimate, OFI developed the "Oil and Gas Investor Checklist," a form that can be filled out during a telephone conversation with an investment promoter. OFI can verify whether a company or individual is licensed to sell securities in Kentucky, and whether he or she has a history of disciplinary action. To ask about a security or to file a complaint, call 502-573-3390 or toll free 800-223-2579. To print the checklist, visit www.kfi.ky.gov.

- **Nov. 28** – OFI announced adoption of regulatory guidelines covering the marketing of nontraditional mortgages by state-licensed entities. The guidance is intended to promote consistent regulation in the mortgage market and to clarify how residential mortgage providers can offer nontraditional mortgage products in a way that clearly discloses the risks borrowers may assume. The guidance affects 204 mortgage lenders and 325 mortgage brokers in Kentucky.

In Brief...

Trimble attends NASAA conference

OFI Securities Enforcement Branch Manager Kyle Trimble attended the 2007 Winter Enforcement Conference of the North American Securities Administrators Association (NASAA). The event, conducted Jan. 5-7 in Lake Buena Vista, Fla., was held to train state regulators and keep them informed of the latest issues, trends and techniques in securities law enforcement.

Trimble said during the event's panel presentations and breakout sessions, securities enforcement officials from throughout North America discussed current issues such as court cases decided in the past year. During a breakout session, regulators from neighboring states discussed trends across state lines in zone meetings.

Panelists at the conference included regulators, law enforcement officials and members of the private bar. NASAA's fundamental mission is protecting consumers who purchase securities or investment advice. The group is helping to coordinate states to make securities laws and regulations more uniform between states and the federal government.

"It's to everybody's benefit to have the state involved as well – especially for the average investor," Trimble said.

Thompson is new House B&I chair

very important and delicate balance. We don't want to over-regulate the banking business and insurance business, but at the same time, we want to make sure there are protections for the citizens of Kentucky."

Thompson said there are 28 members on the House Banking & Insurance Committee now, making it the second largest after the House Appropriations & Revenue Committee.

Most of the members have been on B&I for some time, but the group gained six freshman members for the 2007 session: Johnny Bell; Tim Firkins; Jeff Greer, who serves as a vice-chair; Adam Koenig; John Tilley, who serves as a vice-chair; and Dr. David Watkins.

Other vice-chairs are: Sheldon Baugh, Mike Denham, Dennis Horlander, Steve Riggs and Susan Westrom. The rest of the committee members are: James Comer, Ron Crimm, Robert Damron, Ted Edmonds, Joseph Fischer, Danny Ford, Jim Gooch, J.R. Gray, Mike Harmon, Jimmy Higdon, Dennis Keene, Rick Rand, Frank



House Banking & Insurance Committee chair Tommy Thompson stands for a photo shortly after committee assignments were announced. Photo by Bud Kraft, Legislative Research Commission Public Information.

Rasche, Brandon Smith, Ken Upchurch and Ron Weston.

Thompson began his first term in 2003 and has been assigned to B&I throughout his tenure.

"It's a subject matter that I really enjoy, and I'm very privileged to be chairman of this most significant committee," he said.

"Probably not a day goes by that the average Kentuckian does not deal with a finance issue or an insurance issue."

Partners welcome

Jump\$Start invites organizations to join

The Kentucky Jump\$Start Coalition for Personal Financial Literacy is seeking more partners.

All Kentuckians need to be able to make informed financial decisions, and Kentucky Jump\$Start seeks to improve money management skills throughout the life cycle, according to the Web site www.kyjumpstart.org.

The Kentucky coalition is a nonprofit organization affiliated with the national coalition based in Washington, D.C. Jump\$Start's purpose is to evaluate the financial literacy of young adults; develop, disseminate and encourage the use of standards for grades K-12; and promote the teaching of personal finance, according to the national Web site at www.jumpstart.org.

"It's a collaboration of partner organizations throughout the state who have come together for a common purpose – financial literacy," said Kentucky Jump\$Start President Jenni Buckner.

Currently there are 36 partner organizations representing business, government and education. Buckner said Jump\$Start allows the organizations to pool resources to produce efforts that reach a greater number of people.

"The potential number of partners only increases the potential for the organization," Buckner said. "Adding members brings more opportunities to the collaboration, and it brings more things to the table that we might not be aware of."

Joining Jump\$Start lends credibility to partners by showing the group is interested in spreading financial literacy throughout the state, she said. Partners benefit from increased networking with other groups and have the option of selecting members to sit on the Jump\$Start board, Buckner said. Dues are \$25 for individuals and \$50 for companies. The dues cover administrative costs, such as mailings and supplies.

For more information, contact Maria Baumgartner, Membership Committee chairwoman at 502-561-KIDS or mbaumgartner@jaky.org.



Talley receives Louisville award

OFI Deputy Executive Director Keith Talley received an award from the Louisville Metro Council on Feb. 22.

Talley was nominated by Councilman Kelly Downard for the District 16 award for being an outstanding community member who has made

contributions to the district and Metro community. Downard was formerly the chief executive officer of Louisville Community Development Bank, where Talley was senior vice president and senior lender. Talley worked there from 1996 to 2002.

"It was a development bank, so we did a lot of things for the commu-

nity and development," Talley said. "My job involved being out in the community."

Talley is a previous member of several charitable boards including the Red Cross, the Coalition for the Homeless, the Metropolitan Housing Coalition, the Louisville Central Community Center and Ronald McDonald House Charities.

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Meet the new OFI staff members

Kelly May became OFI's public information officer on Nov. 16. Her background is in journalism, although she worked as a teller/loan officer at US Bank while in college. Most recently, she was managing editor at the Portsmouth Daily Times. Before that she was a reporter at the Ashland Independent, the Maysville Ledger-Independent and the Recorder newspapers in Florence. "I love that I get to do a little of everything for OFI – from press releases and newsletters to public education and the Web site," she said. Kelly graduated from Northern Kentucky University with a bachelor's degree in journalism in 2000. She and her husband, Elden, reside in Lexington.



John Talbert began work as a financial institution examiner in the Eddyville field office on Jan. 16. Before that he was vice president and a lending officer at Kevil Bank in Kevil, Ky. He left because he was looking for a new career with different responsibilities and he found bank exams interesting. "I've always had a great interest in the examination process. Instead of participating from a bank standpoint, I wanted to be involved in the exam," he said. John has a degree in public relations from Murray State University and graduated from the Graduate School of Banking in Madison, Wis. He, his wife, Debra, and their daughter, Alyssa, live in Paducah.



Missy Jones joined OFI on Jan. 16 as an administrative specialist in the executive office. If you call for Cordell or Keith, you will likely hear Missy's cheerful voice.



She began her career in state government after graduating from Shelby County High School in 1988. Her first full-time job was in the Office of Housing, Buildings and Construction in the Public Protection Cabinet. She worked for other offices, but in 1999 came back to the Public Protection Cabinet, which is now a department in the Environmental and Public Protection Cabinet. "It's like I came full circle," she said. Missy lives in Bagdad, Ky., with her two daughters, 5-year-old Baylee and 3-year-old Emma.

Jesse Vaughn started work at the Lexington field office on Feb. 16 as a financial institution examiner. His prior experience was in business banking at PNC Bank. "At big, national banks, a lot of it is sales oriented. I was more interested in the operations side," he said. Jesse received his bachelor's degree in business administration in 2005 from the University of Kentucky, where he majored in business management. He lives in Lexington.



Carol Witt assumed a new role for OFI March 1 as a financial institution examiner specializing in money transmitters and compliance. She works out of the Louisville field office. "I was in banking for 21 years at a community bank in Louisville. The last five and a half years, I was a compliance officer and responsible for BSA (Bank Secrecy Act) compliance," she said. Carol also has expertise in federal deposit and lending compliance regulations in addition to state regulations. She was born and raised in Louisville and received her Bachelor of Science in business administration from the University of Louisville. She and her husband of 21 years, Jim, have three daughters: Melissa, 18; Andrea, 15; and Sylvia, 12.



"Of Interest in Kentucky" is published quarterly by the Kentucky Office of Financial Institutions to provide useful information to the institutions that it regulates. It is written and produced by Kelly May, OFI public information officer. Reader comments and suggestions are welcome and should be addressed to Kelly at

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